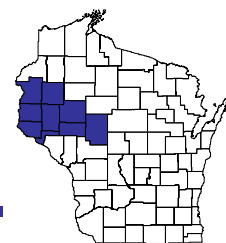


WORKFORCE OBSERVATIONS

for the West Central Wisconsin counties

Barron, Chippewa, Clark, Dunn, Eau Claire, Pepin, Pierce, Polk, and St. Croix



published quarterly by the Office of Economic Advisors,

Wisconsin Department of Workforce Development

Winter 2005

In this issue:

> There were more jobs in the region, but the number of residents in the labor force was below the 2004 level, like most regions of the state. The beginning of the predicted "baby boomer retirement" labor force contraction?

> Employers in West Central Wisconsin have increased employment by 0.7 percent from 2004 to 2005.

> Labor force in third quarter includes an decline in employed residents - 235,048; fewer unemployed - 9,366; and a lower unemployment rate -3.8%

> Nonfarm jobs in West Central Wisconsin reached a new high in third quarter - 177,770

> Claims for unemployment benefits declined

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2005 - The Year in Review

There were slightly more jobs in the West Central Wisconsin region at the end of 2005 than there were in 2004 but the annual average for the year produced a much brighter picture. Job growth during the first quarter of 2005 began the year on a very encouraging note, but as summer approached fewer new jobs were added to the local economy.

The annual average number of jobs in 2005 in West Central was 181,640 compared with 180,370 in 2004 and 179,420 in 2003. In the last twelve-month period roughly 1,270 jobs were created by employers located in the nine-county region.

Over half of those new jobs were with employers in the education and health services industry sector; and in this set of jobs data that includes employment only with non-public employers. Since private education provides a smaller portion of employment in education (roughly 20%), most of the job growth in the last twelve months in the sector occurred with healthcare service providers.

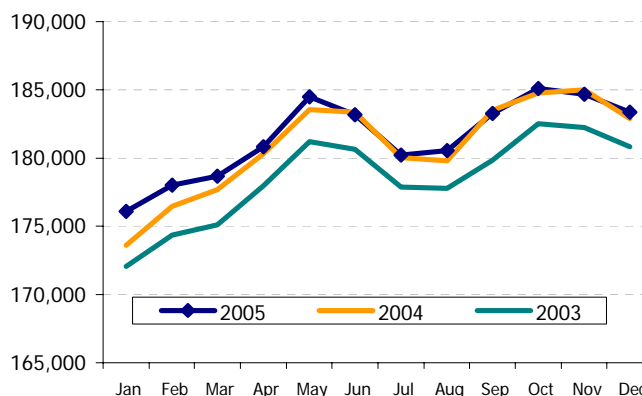
In 2005 there were over 25,000 jobs with nearly 470 private employers in education and health services. Over 750 of those jobs were added during 2005 and most of that growth occurred in the Eau Claire-Chippewa metropolitan area.

Two occupations, registered nurses and nursing aides, provide one-quarter of the jobs in health care in Wisconsin and both are included among the top ten occupations adding the most jobs in West Central

Wisconsin from 2004 to 2006. The short-term projections for the region list registered nurses as an occupation projected to add 150 new jobs over the two-year period, the most of any occupation in the region, and nurse aides to add 90 new jobs. It would be safe to assume that many of the new jobs in the health care sector were for registered nurses and nurse aides.

The occupations adding the most jobs in the industry sector with the greatest job growth, however, are not as easily identified. The information, professional and business services, and other services super-sector is a conglomerate of many industry groups that provide a multitude of services including telecommunications, accounting, engineering, office administration, temporary help, janitorial and landscaping.

Total Nonfarm Jobs in West Central Wisconsin



From 2004 to 2005 employers in this super-sector added 760 jobs to the regional economy but that growth follows on the heels of significant reductions in 2003.

(Continued on page 2)

Many of the jobs in this sector are professional and full-time and are not affected by seasonal changes that tend to influence other industries in the region, some of which provide many more jobs.

Seasonal swings effect both manufacturing and trade employment, the second and third largest employment sectors in the region. There were an average of 31,275 jobs in manufacturing in 2005, 335 fewer than there were in 2004 and over 1,000 less than in 2003. Most of the manufacturing losses in 2005 occurred in two of the nine west central counties, Barron and St. Croix.

Every spring from March to June manufacturing employers add from 700-800 workers, although in 2005 they added only 550 workers. Then in mid-summer the seasonal food processing plants add another 700-800 workers. By September, manufacturing employers begin to lose workers and over the next four months, manufacturers shed over 1,000 jobs. In 2005 manufacturing

employment began the year in January with 30,920 jobs and ended the year in December with 31,250 jobs.

Employment in the trade industry sector also follows a seasonal pattern but the peaks and valleys are less pronounced. Employment in wholesale and retail trade establishment began 2005 with 28,450 jobs, climbed to 29,000 by August, shed 300 jobs before resuming the climb to top out at 29,350 jobs in December. The first ascent reflects some of the typical seasonal summer hiring that occurs in so many Wisconsin counties, the second influx of workers reflects the hiring that centers on the return of college students in the fall. It is so pronounced in the West Central region because of the four university campuses located here.

Those four university campuses, as well as seven technical college campuses and 52 local school districts contribute to perhaps the greatest swing in seasonal employment that

occurs in the largest industry sector, government. In this sector, however, the number of jobs declines during the summer months, just the opposite of what is happening in most other industries.

In 2005, government employment was reduced by 7,500 jobs from June through August, a much larger reduction than in recent years. Jobs in government numbered 32,330 in January, 2005, plummeted to 27,280 in August, then rebounded to 34,100 by December. Even though this is higher than in January it is still over 1,000 fewer jobs than one year earlier.

Perhaps the most seasonal employment, however, is found in construction. Although construction employers provide just under 9,000 jobs throughout the region the fluctuation in jobs from winter to summer matches that of larger industry sectors. From March to June construction employers add roughly 2,800 workers to their payrolls.

(Continued on page 4)

Workforce Changes in Fourth Quarter 2005

Civilian Labor Force Estimates* for West Central Wisconsin counties

	Qtr 4 2005	Qtr 3 2005	Qtr 4 2004	Qtr 4 2005	Qtr 3 2005	Qtr 4 2004	Qtr 4 2005	Qtr 3 2005	Qtr 4 2004
	Barron			Chippewa			Clark		
Labor force	25,390	25,819	25,317	31,360	30,928	31,889	17,154	17,641	17,415
Employed	24,262	24,802	24,187	29,871	29,615	30,324	16,400	16,891	16,585
Unemployed	1,127	1,016	1,129	1,489	1,313	1,565	754	750	830
% unemployed	4.4	3.9	4.5	4.7	4.2	4.9	4.4	4.3	4.8
	Dunn			Eau Claire			Pepin		
Labor force	23,471	22,806	24,261	54,622	54,280	55,458	3,928	3,899	3,909
Employed	22,633	21,973	23,397	52,727	52,274	53,526	3,760	3,738	3,739
Unemployed	838	833	863	1,895	2,005	1,932	169	161	170
% unemployed	3.6	3.7	3.6	3.5	3.7	3.5	4.3	4.1	4.3
	Pierce			Polk			St. Croix		
Labor force	23,578	23,291	23,592	23,254	23,229	23,316	42,806	42,371	42,830
Employed	22,698	22,491	22,721	22,196	22,317	22,309	7,792	7,894	41,164
Unemployed	879	800	871	1,058	913	1,007	436	387	1,666
% unemployed	3.7	3.4	3.7	4.5	3.9	4.3	5.3	4.7	3.9
	Eau Claire, City			Eau Claire MSA			West Central		
Labor force	37,028	36,831	37,501	85,981	85,208	87,347	245,563	244,264	247,987
Employed	35,634	35,328	35,746	82,598	81,889	83,850	235,671	234,849	237,953
Unemployed	1,394	1,503	1,755	3,384	3,319	3,497	9,891	9,415	10,034
% unemployed	3.8	4.1	4.7	3.9	3.9	4.0	4.0	3.9	4.0

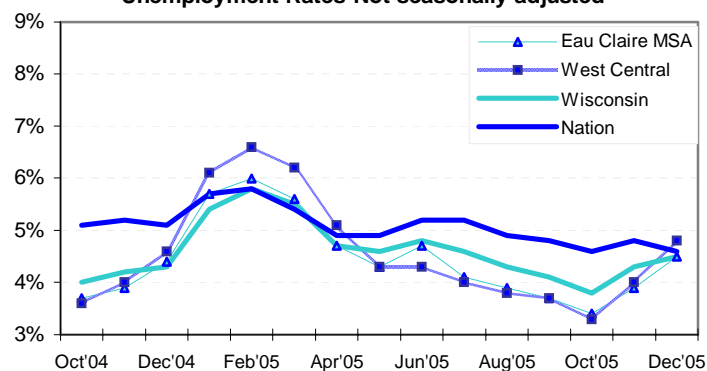
* not seasonally adjusted

The unemployment rate for West Central Wisconsin rose during the fourth quarter after reaching the low for the year in October of 3.3 percent. The October rate in 2005 was also the lowest rate for the month since the rate of 2.3 percent in October 2000. As the weather chilled and many outside projects ended the number of unemployed in the region climbed and local unemployment rates reflect this. By December, the regional rate stood at 4.8 percent, higher than twelve months earlier but still well below December estimates in 2003 and 2002. The jump in December unemployment pushed the rate for the quarter to 4.0 percent, the same as in 4th quarter 2004.

Even though the number of residents with jobs declines in November and December there is generally a large enough increase in October to impact

(Continued on page 3)

Unemployment Rates-Not seasonally adjusted



	Oct'04	Nov'04	Dec'04	Oct'05	Nov'05	Dec'05
Eau Claire MSA	3.7%	3.9%	4.4%	3.4%	3.9%	4.5%
West Central	3.6%	4.0%	4.6%	3.3%	4.0%	4.8%
Wisconsin	4.0%	4.2%	4.3%	3.8%	4.3%	4.5%
Nation	5.1%	5.2%	5.1%	4.6%	4.8%	4.6%

the entire quarter and that was true in 2005. During 4th quarter the number of residents with jobs increased to 235,670 from 234,850 in 3rd quarter.

Local employers added 2,900 jobs during the 4th quarter. Most of these jobs revolved around the resumption of college classes, but trade and transportation employers also added workers. Because of the location of college campuses Dunn, Chippewa-Eau Claire, and Pierce counties showed the largest job gains in the

final three months of 2005. These counties also show the greatest job reductions over the twelve-month period and for the same reason. Government employment in the region, especially as it relates to education, is down 1,300 jobs from 4th quarter 2004.

The reduction in government jobs diminished total job growth compared with one year ago. While all counties are adding jobs in education and health care, job growth in the Chippewa-Eau Claire metro area, with the largest concentration of hospital employees, is outpacing the other seven counties in the region. And, many of the 380 new jobs in professional and business services are found in the counties bordering the Twin Cities metro area.

West Central Wisconsin	Qtr 4 2005	Qtr 3 2005	Qtr 4 2004
Total Nonfarm jobs	180,358	177,468	180,514
Const/Min'g/Nat. Resources	9,109	9,758	8,853
Manufacturing	31,367	32,036	31,527
Trade	28,852	28,723	29,192
Transportation & Utilities	7,493	7,334	7,407
Financial Activities	7,595	7,595	7,575
Education & Health Services	25,286	25,062	24,694
Leisure & Hospitality	16,712	18,114	16,424
Information, Professional & Business Srv. & Other Services	20,056	20,245	19,677
Total Government	33,887	28,602	35,165

Nonfarm Wage and Salary Employment Estimates for West Central Wisconsin Counties

	Qtr 4 2005	Qtr 3 2005	Qtr 4 2004	Qtr 4 2005	Qtr 3 2005	Qtr 4 2004	Qtr 4 2005	Qtr 3 2005	Qtr 4 2004	Qtr 4 2005	Qtr 3 2005	Qtr 4 2004
	Barron			Clark			Dunn			Eau Claire MSA		
Total Nonfarm jobs	22,154	22,139	21,793	10,285	10,253	10,161	16,625	15,629	17,118	75,133	73,967	75,400
Const/Min'g/Nat. Resources	809	857	825	536	587	531	715	784	696	3,300	3,567	3,333
Manufacturing	5,678	6,021	5,729	2,766	2,810	2,731	2,468	2,423	2,379	10,433	10,567	10,433
Trade	3,777	3,687	3,672	1,541	1,561	1,530	2,582	2,532	2,637	12,900	12,900	13,167
Transportation & Utilities	537	501	537	478	459	455	1,688	1,642	1,655	2,933	2,900	2,900
Financial Activities	731	731	624	296	301	280	486	490	477	3,700	3,700	3,867
Education & Health Services	2,683	2,648	2,608	1,154	1,157	1,137	1,631	1,627	1,683	13,233	13,133	12,867
Leisure & Hospitality	1,718	1,996	1,698	768	811	715	1,380	1,423	1,364	7,000	7,333	7,067
Info, Prof/Bus.Srv. Othr Srv.	1,632	1,641	1,587	760	762	731	1,507	1,499	1,461	8,967	9,067	8,900
Total Government	4,589	4,058	4,513	1,987	1,805	2,051	4,168	3,210	4,766	12,667	10,800	12,867
	Pepin			Pierce			Polk			St. Croix		
Total Nonfarm jobs	2,222	2,138	2,138	10,729	10,134	11,044	14,977	14,898	14,891	28,232	28,310	27,970
Const/Min'g/Nat. Resources	157	166	154	868	930	706	810	878	783	1,915	1,989	1,825
Manufacturing	133	132	143	849	855	852	3,560	3,607	3,567	5,479	5,622	5,693
Trade	529	537	518	800	802	976	2,077	2,147	2,117	4,646	4,557	4,574
Transportation & Utilities	71	72	79	360	376	384	311	326	319	1,114	1,057	1,079
Financial Activities	81	82	73	400	401	400	503	507	536	1,399	1,383	1,318
Education & Health Services	322	324	312	1,259	1,208	1,207	2,006	2,004	1,960	2,998	2,961	2,921
Leisure & Hospitality	186	240	172	1,159	1,302	1,165	1,232	1,332	1,147	3,269	3,677	3,095
Info, Prof/Bus.Srv. Othr Srv.	160	164	166	1,216	1,210	1,191	2,042	2,004	1,882	3,771	3,899	3,760
Total Government	582	422	520	3,817	3,049	4,164	2,436	2,093	2,579	3,642	3,166	3,705

Current quarter preliminary. Estimates based on March 2004 benchmark. Summing from unrounded numbers.

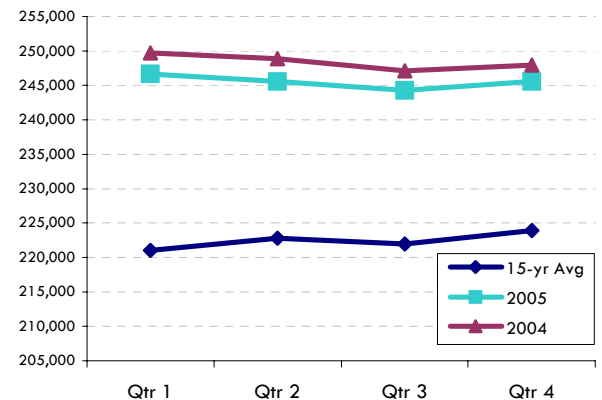
WORKFORCE OBSERVATIONS BY THE OFFICE OF ECONOMIC ADVISORS

Construction employment that included 7,000 workers in February 2005 climbed to 9,800 by August before receding to 8,400 in December.

As 2005 ended, the employers in West Central Wisconsin had increased employment by 0.7 percent from 2004 to 2005. Even though there were more jobs in the region the number of residents in the labor force was below the 2004 participant level. Most regions in Wisconsin experienced similar contractions in the labor supply and one has to wonder if 2005 was the beginning of tighter labor markets forecast as baby-boomers retire. Or, because job growth was mediocre jobseekers dropped out of the labor force and are waiting for more prosperous times to return.

Help in understanding the direction of labor force and job growth will come in March when these early estimates are revised.

WEST CENTRAL WDA-8 Labor Force



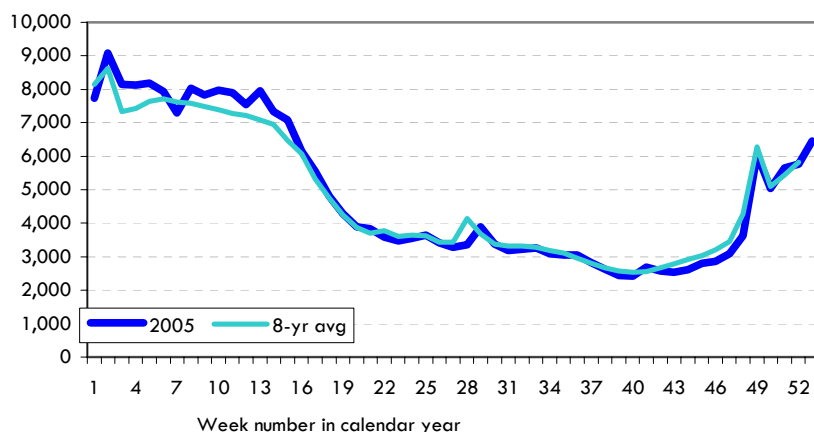
Labor Force and Nonfarm Wage and Salary Employment Estimates for West Central Wisconsin

(Not seasonally adjusted)	Barron			Clark			Chippewa			Eau Claire			West Central		
	Avg-05	Avg-04	Avg-03	Avg-05	Avg-04	Avg-03	Avg-05	Avg-04	Avg-03	Avg-05	Avg-04	Avg-03	Avg-05	Avg-04	Avg-03
Labor force	25,504	25,838	26,089	17,528	17,895	18,554	31,264	31,738	31,817	54,361	55,235	55,244	245,493	248,445	249,699
Employed residents	24,184	24,420	24,534	16,551	16,891	17,429	29,559	29,965	29,825	52,176	52,893	52,645	233,959	236,299	235,913
Unemployed residents	1,320	1,418	1,555	977	1,004	1,125	1,705	1,773	1,992	2,185	2,342	2,599	11,534	12,146	13,786
% unemployed	5.2	5.5	6.0	5.6	5.6	6.1	5.5	5.6	6.3	4.0	4.2	4.7	4.7	4.9	5.5
(Number of jobs with employers in thousands)															
Total Nonfarm jobs	21,768	21,700	21,442	10,186	10,030	9,937	<div style="text-align: center;"> <p>Eau Claire MSA (wage and salary employment for combined Chippewa & Eau Claire area only)</p> </div>			77,900	77,200	78,000	181,640	180,372	179,416
Const/Min/g/Nat. Resources	731	747	721	510	502	541				3,300	3,100	3,100	8,785	8,299	8,024
Manufacturing	5,658	5,876	6,208	2,778	2,751	2,773				10,400	10,400	10,800	31,274	31,608	32,288
Trade	3,679	3,617	3,490	1,508	1,485	1,374				12,900	12,900	12,700	28,684	28,659	28,140
Transportation & Utilities	512	515	486	459	433	415				2,900	2,800	2,700	7,315	7,206	7,198
Financial Activities	722	610	553	297	281	289				3,700	3,800	3,600	7,581	7,422	6,960
Education & Health Services	2,645	2,581	2,293	1,143	1,139	1,061				13,100	12,600	12,300	25,026	24,274	23,272
Leisure & Hospitality	1,796	1,778	1,735	770	726	702				7,100	7,400	7,500	16,987	17,123	17,123
Info, Prof/Bus.Srv, Othr Srv.	1,613	1,581	1,594	755	721	702				8,900	8,600	9,500	23,513	22,752	23,304
Other Services	NA	NA	NA	NA	NA	NA				3,700	3,600	3,700	(above incl. EC Other Ser)		
Total Government	4,412	4,395	4,361	1,968	1,992	2,079				11,900	12,000	12,100	32,475	33,030	33,107
(Not seasonally adjusted)	Dunn			Pepin			Pierce			Polk			St. Croix		
	Avg-05	Avg-04	Avg-03	Avg-05	Avg-04	Avg-03	Avg-05	Avg-04	Avg-03	Avg-05	Avg-04	Avg-03	Avg-05	Avg-04	Avg-03
Labor force	23,483	24,058	24,154	3,926	3,976	4,050	23,412	23,387	23,169	23,416	23,677	24,095	42,599	42,642	42,527
Employed residents	22,455	22,969	22,949	3,724	3,777	3,856	22,443	22,403	22,126	22,207	22,393	22,463	40,661	40,588	40,086
Unemployed residents	1,028	1,089	1,205	202	199	194	969	984	1,043	1,210	1,284	1,632	1,939	2,054	2,441
% unemployed	4.4	4.5	5.0	5.1	5.0	4.8	4.1	4.2	4.5	5.2	5.4	6.8	4.6	4.8	5.7
(Number of jobs with employers in thousands)															
Total Nonfarm jobs	16,306	16,448	16,145	2,156	2,127	2,125	10,594	10,465	10,124	14,917	14,849	14,800	27,814	27,552	26,844
Const/Min/g/Nat. Resources	690	676	674	152	152	150	812	651	498	772	751	712	1,819	1,720	1,628
Manufacturing	2,386	2,312	2,154	136	142	146	838	847	877	3,582	3,620	3,729	5,496	5,661	5,601
Trade	2,553	2,574	2,595	524	517	519	868	988	1,035	2,100	2,113	2,129	4,553	4,466	4,297
Transportation & Utilities	1,631	1,639	1,747	74	76	79	355	400	414	316	312	305	1,067	1,030	1,051
Financial Activities	486	462	446	80	72	72	398	392	393	534	533	508	1,363	1,270	1,100
Education & Health Services	1,653	1,634	1,490	320	313	297	1,220	1,175	1,097	1,992	1,938	1,926	2,954	2,894	2,808
Leisure & Hospitality	1,377	1,384	1,424	195	176	173	1,196	1,196	1,179	1,234	1,243	1,323	3,319	3,220	3,087
Info, Prof/Bus.Srv, Othr Srv.	1,450	1,408	1,305	161	164	169	1,203	1,175	1,145	1,984	1,796	1,537	3,747	3,706	3,653
Total Government	4,079	4,359	4,309	514	514	521	3,703	3,642	3,487	2,401	2,542	2,631	3,498	3,585	3,619

Current month preliminary. Estimates based on March 2004 benchmark. Summing from unrounded numbers.

The Workforce Album: Fourth Quarter, 2005

West Central Wisconsin Weekly Claims for Unemployment Benefits



Source: DWD, Unemployment Compensation Division

- > In spite of declines in the Consumer Price Index in both November (-0.6%) and December (-0.1%) the CPI increased 0.5 percent during the 4th quarter and was 3.7 percent higher than in the same quarter in 2004.
- > Both 2004 and 2005 were heavily influenced by soaring energy prices, which jumped 17.1 percent last year and were up 16.6 percent in 2004.
- > Compensation costs for civilian workers increased 3.1 percent for the year ended December 2005, which was lower than the 3.7 percent over-the-year increase for December 2004.
- > While the wages and salaries component is still significantly below past years, increases have continued at a moderate pace. The sharp increases in benefit costs seen over the past several years have begun to increase at a slower pace.

Consumer Price Index - All items (not seasonally adjusted)	Change over previous quarter				over yr 2004
	Qtr 1 2005	Qtr 2 2005	Qtr 3 2005	Qtr 4 2005*	
United States	0.6%	1.3%	1.2%	0.5%	3.7%
Midwest cities (50,000-1.5 million pop.)	0.5%	1.2%	1.6%	0.2%	3.5%
Midwest cities (less than 50,000 pop.)	1.0%	1.5%	1.7%	0.3%	4.5%
Employment Cost Index (not seasonally adjusted)					
Civilian total compensation	1.1%	0.6%	0.9%	0.5%	3.1%
Private industry total compensation	1.1%	0.7%	0.6%	0.4%	3.0%
Local & state govt. total compensation	0.9%	0.3%	1.8%	1.0%	3.7%
Civilian wages	0.7%	0.5%	0.8%	0.6%	2.3%
Private wages	0.7%	0.6%	0.7%	0.5%	2.2%
Local & state government wages	0.6%	0.2%	1.3%	0.9%	2.7%
Civilian benefits	2.2%	0.7%	1.1%	0.4%	5.1%
Private industry benefits	2.3%	0.8%	0.7%	0.2%	4.8%
Local & state government benefits	1.4%	0.5%	3.0%	1.1%	6.1%

Source: US Bureau of Labor Statistics

* current quarter

- > The number of residents filing claims for unemployment compensation benefits increased during the 4th quarter from 2,426 in the week ending October 1 to 6,459 in the week ending December 31.
- > The rise in unemployment claims follows a typical seasonal up-tick. Claims filed in 2005 are near the same levels as the average over the last eight years.
- > The majority of claims filed were from manufacturing and construction workers

Initial Claims for Unemployment Benefits by Industry in Qtr 4 2005 in West Central Wisconsin

